

Financial Statements

Saint John Free Public Library

December 31, 2013

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
Saint John Free Public Library

We have audited the accompanying financial statements of **Saint John Free Public Library**, which comprise the statement of financial position as at December 31, 2013 and the statements of operations and operating surplus, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Saint John Free Public Library** as at December 31, 2013, and the results of its operations, the changes in its financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Ernst & Young LLP

Saint John, Canada,
March 19, 2014.

Chartered Accountants

Saint John Free Public Library

STATEMENT OF FINANCIAL POSITION

As at December 31

	2013	2012
	\$	\$
FINANCIAL ASSETS		
Cash and term deposits	276,163	108,122
Accounts receivable <i>[note 3]</i>	35,982	45,183
Investments <i>[note 4]</i>	209,777	200,632
	<u>521,922</u>	<u>353,937</u>
LIABILITIES		
Accounts payable and accrued liabilities <i>[note 5]</i>	34,141	35,430
NET FINANCIAL ASSETS	<u>487,781</u>	<u>318,507</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	855	7,922
EQUITY		
Accumulated operating surplus	<u>488,636</u>	<u>326,429</u>

Commitments *[note 7]*

See accompanying notes

On behalf of the Board:

Director

Director



Saint John Free Public Library

**STATEMENT OF OPERATIONS
AND OPERATING SURPLUS**

Year ended December 31

	Budget 2013	Actual 2013	Actual 2012
	\$	\$	\$
REVENUE			
Operating grant, City of Saint John <i>[note 6]</i>	456,230	456,230	456,230
Grant income	—	24,536	22,061
Photocopying	13,800	14,919	14,168
Rental income	4,400	3,670	4,050
Donations	—	191,293	84,450
Investment income	800	3,554	3,764
Change in unrealized gain	—	8,651	3,781
Other income	300	4,918	4,662
	475,530	707,771	593,166
EXPENSES			
Rentals	220,000	192,367	217,287
Utilities expenses	33,400	29,761	30,293
Salaries and benefits	35,000	83,670	83,132
Miscellaneous	—	17,304	9,095
Security	39,000	35,156	36,311
Maintenance	107,880	111,302	86,554
Materials purchased	—	36,831	50,512
Office administration	21,250	22,921	23,634
Outside services	19,000	16,252	17,881
	475,530	545,564	554,699
Operating surplus for the year	—	162,207	38,467
Accumulated surplus, beginning of year		326,429	287,962
Accumulated surplus, end of year	—	488,636	326,429

See accompanying notes



Saint John Free Public Library

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

Year ended December 31

	2013	2012
	\$	\$
Operating surplus for the year	162,207	38,467
Changes in prepaid expenses	7,067	(772)
	169,274	37,695
Net financial assets, beginning of year	318,507	280,812
Net financial assets, end of year	487,781	318,507

See accompanying notes



Saint John Free Public Library

STATEMENT OF CASH FLOWS

Year ended December 31

	2013	2012
	\$	\$
Cash provided by (used in)		
OPERATING ACTIVITIES		
Operating surplus for the year	162,207	38,467
Items not affecting cash		
Change in unrealized gain	(8,651)	(3,781)
Accounts receivable	9,201	(17,481)
Prepaid expenses	7,067	(772)
Accounts payable and accrued liabilities	(1,289)	(1,679)
Deferred revenue	—	(37,223)
Cash used in operating activities	168,535	(22,469)
INVESTING ACTIVITY		
Net increase in investments	(494)	(1,754)
Net change in cash and term deposits	168,041	(24,223)
Cash and term deposits, beginning of year	108,122	132,345
Cash and term deposits, end of year	276,163	108,122

See accompanying notes



Saint John Free Public Library

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

1. NATURE OF OPERATIONS

Saint John Free Public Library's [the "Library"] mandate is to provide quality public library services under administration of the Board of Commissioners appointed by Common Council of the City of Saint John and with the legislative framework of the *New Brunswick Public Libraries Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles for government outlined in the Chartered Professional Accountants' Public Sector Accounting Board (PSAB) Handbook.

Cash and term deposits

Cash consists of cash in bank and petty cash.

Revenue recognition

Government grants are recognized as the entitlement is earned. Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured.

Income taxes

The Library qualifies as a charitable organization within the meaning of the *Income Tax Act* (Canada). Accordingly, the Library is exempt from income taxes.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Saint John Free Public Library

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES [continued]

Financial instruments

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates fair market value due to the relatively short-term maturities of these instruments.

Investment are measured at fair value with changes in fair value recognized in net income in the period incurred.

Investments

Fair value of the investments is determined using active trading market rates, and is subject to interest rate fluctuations.

Market risk

Market risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices. The Library manages market risk by investing in diversified investments and by utilizing fund performance managers.

3. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2013	2012
	\$	\$
Trade	22,444	22,583
HST receivable	13,538	20,214
City of Saint John	-	2,111
Accrued interest	-	275
	35,982	45,183

Saint John Free Public Library

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

4. INVESTMENTS

Investments, at fair value, consist of the following:

	2013	2012
	\$	\$
Mutual funds	79,625	38,488
Fixed income	130,152	162,144
	<u>209,777</u>	<u>200,632</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2013	2012
	\$	\$
Trade and accrued liabilities	8,399	25,301
Fundy Library Region	25,742	10,129
	<u>34,141</u>	<u>35,430</u>

6. OPERATING GRANT

In 2013, an amount of \$456,230 [2012 – \$456,230] of the Library's operating revenue was received from the City.

7. COMMITMENTS

The Library leases its East and West Branch locations under operating leases. Future minimum payments over the next five years are as follows:

	\$
2014	115,232
2015	83,270
2016	62,118
2017	62,678
2018	<u>62,678</u>